



PAT QUINN
GOVERNOR

STATE OF ILLINOIS
GOVERNOR'S OFFICE OF
MANAGEMENT AND BUDGET

FISCAL YEAR 2014 SECOND QUARTER FINANCIAL REVIEW

GENERAL FUNDS HIGHLIGHTS

Table I, below, sets forth General Funds year-to-date (YTD) highlights for the second quarter of State fiscal year 2014 (FY13). Table I reflects a net operating loss of \$1,585 million.

Table I
GENERAL FUNDS HIGHLIGHTS
Second Quarter Review
FY2013 vs. FY2014
(in millions)

	YTD				
	<u>FY13</u>	<u>FY14</u>	<u>\$ Change</u>	<u>% Change</u>	
General Funds Revenues ¹	\$ 14,856	\$ 15,268	\$ 412	3%	
Transfers In ²	1,050	1,240	\$ 190	18%	
Total Receipts	15,906	16,508	\$ 602	4%	
General Funds Expenditures ¹	15,180	15,195	\$ 15	0%	
Transfers Out ²	2,749	2,897	\$ 148	5%	
Total Spending	17,929	18,093	\$ 163	1%	
Net Operating Surplus/(Deficit)	\$ (2,023)	\$ (1,585)	\$ 439	-22%	

¹Revenues reflected are cash basis. Expenditures are budget year basis.

²Transfers In/Out do not include Budget Stabilization Fund or intra-fund transfers.

³Does not include continuing appropriations.

General Funds Revenues totaled \$15,268 million, an increase of \$412 million over the fiscal year 2013 (FY13) second-quarter-end level. Transfers from other funds to the General Funds increased \$190 million compared to the same period in FY13, as detailed in the Revenue Summary that follows.

FY14 year-to-date General Funds Expenditures totaled \$15,195 million at the end of the second quarter, an increase of \$15 million over the FY13 second quarter level. Further discussion of the expenditures is provided in the Expenditures Summary that follows.

Note: Tables in this report may not add due to rounding.

GENERAL FUNDS REVENUE SUMMARY

Table II, below, sets forth General Funds quarter-end revenues for the second quarter of FY14. General Funds Revenues (including Transfers-In and Federal Revenues) increased by \$601 million over the FY13 second quarter level.

Table II
GENERAL FUNDS REVENUES
Second Quarter Review
FY2013 vs. FY2014
(in millions)

Source	Year to Date Actual				Year to Date Budget				Budgeted FY14 Total Budget
	FY13 YTD	FY14 YTD	YTD Difference		FY14 YTD Budget	FY14 YTD Actual	Variance		
			Dollar Amount	Percent			Dollar Amount	Percent	
Gross Individual Income Tax	7,577	7,927	350	4.6%	5,604	7,927	2,323	141.5%	17,713
Less: Deposits to Income Tax Refund Fund	(740)	(780)	(40)	5.4%	(560)	(780)	(220)	139.3%	(1,683)
Net Individual Income Tax	6,840	7,147	334	4.9%	5,044	7,147	2,103	141.7%	12,201
Gross Corporate Income	1,400	1,530	130	9.2%	921	1,530	609	166.1%	3,391
Less: Deposits to Income Tax Refund Fund	(197)	(205)	(8)	4.0%	(120)	(205)	(85)	171.3%	(454)
Net Corporate Income Tax	1,204	1,325	121	10.0%	801	1,325	524	165.4%	2,112
Sales	3,695	3,895	200	5.4%	3,527	3,895	368	110.4%	6,899
Public Utility	483	468	(15)	-3.0%	521	468	(53)	89.9%	1,085
Cigarette	175	177	2	1.1%	176	177	1	100.6%	353
Inheritance	158	129	(29)	-18.3%	122	129	7	105.3%	236
Liquor	86	85	(1)	-0.8%	82	85	3	103.6%	161
Insurance	158	154	(4)	-2.4%	149	154	5	103.6%	330
Corporate Franchise	107	107	(0)	-0.2%	106	107	1	100.6%	202
Investment Income	8	9	1	14.8%	16	9	(7)	54.9%	35
Cook County IGT	56	26	(30)	-53.8%	58	26	(32)	44.8%	246
Other Sources	197	259	62	31.4%	211	259	48	123.0%	479
TOTAL STATE REVENUES	13,167	13,808	641	4.6%	10,813	13,781	2,968	127.4%	24,340
Federal Revenues	1,690	1,460	(230)	-13.6%	2,237	1,460	(777)	65.3%	5,142
Transfers-In:	1,050	1,240	190	18.1%	1,558	1,209	(349)	77.6%	2,750
Lottery	308	314	6	1.9%	299	314	15	105.2%	635
Gaming/Gaming Taxes	221	211	(10)	-4.4%	222	211	(11)	95.3%	364
Other Transfers-In	521	715	194	37.2%	1,038	685	(353)	66.0%	1,750
TOTAL RECEIPTS	\$ 15,908	\$ 16,508	\$ 601	3.6%	\$ 14,609	\$ 16,451	1,842	112.6%	\$ 32,231

- **Income Taxes (\$455 million increase):** Individual Income Tax quarter-end net receipts increased by \$334 million, or 4.9%, over the FY13 second quarter level.

Corporate Income Tax quarter-end net receipts increased by \$121 million, or 10.0%, over the FY13 second quarter level.

- **Sales Taxes (\$200 million increase):** Sales Tax quarter-end receipts increased by \$200 million, or 5.4%, over the FY13 second quarter level.
- **Inheritance Taxes (\$29 million decrease):** Inheritance Tax quarter-end receipts decreased 18.3% from the FY13 second quarter level.
- **All Other Sources (\$15 million increase):** Several categories of state taxes yielded less revenue in the third quarter of the current fiscal year over the previous fiscal year. Overall, however, all other sources increased.
- **Federal Revenues (\$230 million decrease):** FY14 quarter-end federal sources of revenue decreased by \$230 million, or 13.6%, compared to the FY13 second quarter level.
- **Transfers-In (\$190 million increase):** Transfers-in increased by \$190 million, or 18.1%, compared to the FY13 quarter-end level.

GENERAL FUNDS EXPENDITURES SUMMARY

Table III, below, sets forth General Funds expenditures through the second quarter of FY14. General Funds expenditures through the end of the quarter totaled \$15,195 million, an increase of \$15 million (>1%) over the FY13 quarter-end level.

Table III
GENERAL FUNDS EXPENDITURES
Second Quarter Review
FY2013 vs. FY2014
(in millions)

Agency	FY13 Enacted Appropriation ¹	FY14 Enacted Appropriation ¹	FY13 Expend	FY14 Expend	Change	FY13 Percent Spent	FY14 Percent Spent
Constitutional Officers	\$ 674	\$ 461	\$ 449	\$ 183	\$ (266)	67%	40%
DHFS	\$ 7,043	\$ 7,039	\$ 3,548	\$ 2,990	\$ (558)	50%	42%
ISBE	\$ 6,550	\$ 6,687	\$ 3,012	\$ 3,083	\$ 71	46%	46%
DHS	\$ 3,498	\$ 3,179	\$ 1,694	\$ 1,366	\$ (328)	48%	43%
Higher Education	\$ 1,980	\$ 1,991	\$ 1,310	\$ 1,339	\$ 29	66%	67%
TRS	\$ 2,777	\$ 3,513	\$ 1,393	\$ 1,756	\$ 363	50%	50%
SURS	\$ 1,253	\$ 1,312	\$ 558	\$ 618	\$ 60	45%	47%
Corrections	\$ 1,179	\$ 1,218	\$ 523	\$ 544	\$ 21	44%	45%
CMS	\$ 1,482	\$ 1,377	\$ 570	\$ 1,366	\$ 796	38%	99%
DCFS	\$ 732	\$ 696	\$ 420	\$ 347	\$ (73)	57%	50%
Aging	\$ 1,100	\$ 1,031	\$ 548	\$ 391	\$ (157)	50%	38%
ISP	\$ 248	\$ 246	\$ 120	\$ 118	\$ (2)	48%	48%
Revenue	\$ 111	\$ 111	\$ 46	\$ 47	\$ 1	41%	42%
DPH	\$ 125	\$ 133	\$ 46	\$ 49	\$ 3	37%	37%
DNR	\$ 45	\$ 45	\$ 18	\$ 16	\$ (2)	40%	35%
IDOT	\$ 22	\$ 6	\$ -	\$ -	\$ -	0%	0%
DCEO	\$ 31	\$ 44	\$ 5	\$ 8	\$ 3	16%	18%
All Others	\$ 1,962	\$ 2,051	\$ 922	\$ 977	\$ 55	47%	48%
Agency Totals	\$ 30,813	\$ 31,140	\$ 15,180	\$ 15,195	\$ 15	49%	49%

¹Does not include continuing appropriations.

FINANCIAL POSITION

Table IV, below, sets forth the General Funds financial position for the second quarter of FY14. The General Funds cash balance on December 31, 2013 was \$204 million. This reflects a balance above the FY13 quarter-end level, when the cash balance was \$138 million.

Table IV
FINANCIAL POSITION
Second Quarter Review
FY2013 vs. FY2014
(in millions)

	<u>FY13</u>	<u>FY14</u>	<u>Change</u>
CASH BALANCE			
General Funds Cash Balance (9/30)	\$ 154	\$ 162	\$ 8
Change in Operating Cash for Q2	(16)	42	58
Transfer In from Budget Stabilization Fund	-	-	-
General Funds Cash Balance (12/31)	<u>\$ 138</u>	<u>\$ 204</u>	<u>\$ 66</u>
SELECT CURRENT LIABILITIES			
General Funds Accounts Payable (12/31)	\$ 6,888	\$ 5,499	\$ (1,389)
Total Select Current Liabilities	<u>\$ 6,888</u>	<u>\$ 5,499</u>	<u>\$ (1,389)</u>
NET WORKING CAPITAL (GF Cash less GF A/P)	<u>\$ (6,750)</u>	<u>\$(5,295)</u>	<u>\$ 1,455</u>

EMPLOYMENT HIGHLIGHTS

Table V, below, sets forth second quarter employment highlights. Nationally, the unemployment rate in December 2013 was 6.7%, down from 7.9% during the same period in 2012. Illinois' unemployment rate of 8.9% in December 2013 was also slightly lower than its rate of 9.1% in December of the previous year. Additionally, total nonfarm employment in Illinois increased.

Table V
EMPLOYMENT HIGHLIGHTS
Second Quarter Review
FY2013 vs. FY2014

STATEWIDE EMPLOYMENT STATISTICS	<u>December-12</u>	<u>December-13</u>	<u>Change</u>
Total Nonfarm Employment, Illinois	5,778,400	5,828,700	50,300
Unemployment Rate, Illinois	9.1%	8.9%	-0.2%
Unemployment Rate, United States	7.9%	6.7%	-1.2%
Labor Force Participation Rate, Illinois	65.8%	65.1%	-0.7%
Labor Force Participation Rate, United States	63.6%	62.8%	-0.8%